

PROGRAM SUPPORT CENTER

(dollars in millions)

	2000 <u>Actual</u>	2001 <u>Enacted</u>	2002 <u>Request</u>	Request <u>+/-Enacted</u>
Expenses.....	\$249	\$294	\$308	+\$14
FTE.....	1,069	1,114	1,114	0

SUMMARY

The Program Support Center (PSC) was created in 1995 to streamline and minimize duplication of traditional administrative services. The PSC provides services on a competitive, fee-for-service basis to customers throughout HHS, as well as to at least 14 other Executive departments and 20 independent Federal agencies. The activities and services of the PSC are supported through the HHS Service and Supply Fund, a revolving fund. The Fund does not receive appropriated resources, but is funded entirely through charging its customers for their use of services and products. Services are provided in three broad areas: human resources, financial management, and administrative operations. The PSC's customers include HHS agencies and other Federal agencies and organizations, such as components of the Departments of Agriculture, Commerce, Defense, Education, Energy, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury and Veterans Affairs.

HUMAN RESOURCES SERVICE

The FY 2002 estimated expenses for the Human Resources Service (HRS) are \$53 million, a decrease of \$1 million below the FY 2001 level. The \$1 million decrease

represents \$2 million in reduced contractor support for the Enterprise Human Resources and Payroll project, offset by \$1 million in pay and other increases. HRS provides a full range of human resources services, including automated personnel and payroll systems support, personnel and payroll processing, staffing and classification, employee and labor relations, and commissioned officer personnel support.

FINANCIAL MANAGEMENT SERVICE

The FY 2002 estimated expenses for the Financial Management Service (FMS) are \$53 million, an increase of \$2 million above the FY 2001 level. The increase is for pay and other costs (\$1.6 million), increased computer information technology charges to support new customer grants (\$.5 million), and systems maintenance support (\$.4 million) that will ensure continued functionality and support of customer requirements for the Travel Management System and the Accounting for Pay System. FMS supports the financial operations of HHS and other departments through the provision of payment management services for Departmental and other Federal grant and program activities; accounting and fiscal services; debt management services; and the review, negotiation and approval of rates,

including indirect cost rates, research patient care rates, and fringe benefit rates. The FMS also provides specialized ADP systems development in the area of workforce management.

ADMINISTRATIVE OPERATIONS SERVICE

The FY 2002 estimated expenses for the Administrative Operations Service (AOS) are \$201 million, an increase of \$11 million above the FY 2001 level. The \$11 million increase is for pay and other costs (\$3 million), replenishment of the pharmaceutical supply inventory (\$7 million), and increased demand for services in the Kansas City Common Administrative Support Unit (\$1 million). AOS provides a wide array of administrative management services within the Department, both in headquarters and in the regions, and to customers throughout the Federal Government. The major areas of service are property and materiel management, acquisitions management, and support services ranging from commercial graphics to mail distribution and telecommunications services. The Telecommunications Improvement Project

consolidated telephone services under one contract with substantial savings in telephone bills to HHS agencies located in Maryland. Additionally, the Supply Service Center provides pharmaceutical supplies to Federal customers worldwide.

FINANCIAL MANAGEMENT SYSTEM

In FY 2002, the PSC will invest \$1 million as part of a Department-wide effort to improve the HHS financial management systems by moving towards a unified financial management system. A unified financial management system will allow HHS to increase standardization, reduce security risks, and help to produce timely, reliable agency level and Department-wide financial information. The financial information is needed to manage HHS and to provide accountability to external stakeholders. The PSC maintains one of the five existing Departmental financial systems. While capitalizing on efforts already begun by some HHS agencies, the PSC will conduct a management study in FY 2002 to analyze alternatives and define requirements.